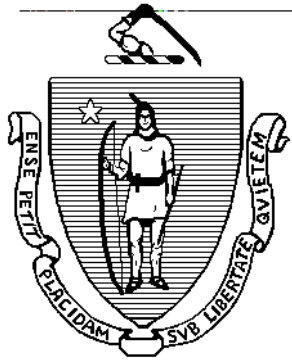


Required Supplementary Information



Calculation of Transfers - Stabilization and Tax Reduction Funds

Calculation Of Transfers: Stabilization Fund

June 30, 1997
(Amounts in thousands)

This statement is prepared on the statutory basis of accounting pursuant to General Law Chapter 29, Sections 5 and 5C as most recently amended by Ch: 10 of Acts of 1997. It presents information contained in the official books and accounting records of the Commonwealth. Financial statements supporting this calculation are are presented in the Financial Section of this report.

Part 1: Status of Consolidated Net Surplus in the Operating Funds before Stabilization Fund transfers, and Capital Projects Fund transfer but after authorization to retain 0.5% of net revenue from taxes.

Undesignated Fund Balance (Deficit) in the Operating Funds:

General Fund.....	\$ 1,270,955
Highway Fund.....	349,665
Local Aid Fund.....	<u>(1,338,883)</u>

Consolidated Net Surplus.....	<u>\$ 281,737</u>
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Available to carry forward to subsequent fiscal year (per Schedule A).....	<u>\$ 57,981</u>
--	------------------

Consolidated net surplus before transfer to Capital Projects Fund.....	\$ 223,756
--	------------

Part 2: Calculation of transfers to Capital Projects Fund:

Transfer from General Fund to Capital Project Fund (per Schedule B):	<u>\$ 89,503</u>
--	------------------

Net Consolidated surplus available for Stabilization Fund.....	<u><u>\$ 134,253</u></u>
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Part 3: Calculation of transfers to Stabilization Fund:

From the General Fund, @ 60%.....	\$ 80,552
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From the Local Aid Fund, @ 40%.....	<u>53,701</u>
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Total Transfers.....	<u><u>\$ 134,253</u></u>
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Part 4: Status of Consolidated Net Surplus after Stabilization Fund transfers

Undesignated Fund Balance (Deficit) in the Operating Funds:

General Fund.....	\$ 1,100,900
Highway Fund.....	349,665
Local Aid Fund.....	<u>(1,392,584)</u>

Consolidated Net Surplus.....	<u><u>\$ 57,981</u></u>
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Part 5: Status of Stabilization Fund after transfers

Reserved for Stabilization - Accumulated Balances.....	\$ 565,047
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Amount appropriated at the close of fiscal year 1997	100,000
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FY97 Calculated Transfers to Stabilization Fund.....	<u>134,253</u>
--	----------------

Reserved for Stabilization.....	<u><u>\$ 799,300</u></u>
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Calculation Of Transfers: Tax Reduction Fund

June 30, 1997
(Amounts in thousands)

This statement is prepared pursuant to Chapters 29 and 29B of the Massachusetts General Laws. It is prepared on the statutory basis of accounting and presents information contained in the official books and accounting records of the Commonwealth. Supporting information is presented in individual schedules, as indicated, and in the Financial Section of this report. There are two computations of potential transfers to the Tax Reduction Fund.

The first computation is as follows:

Part 1: Comparison of Stabilization Fund, after current fiscal year transfers,
to 5% of State Tax Revenues

Undesignated Fund Balance in the Stabilization Fund.....	\$ 799,300
Allowable Stabilization Balance (per Schedule C).....	908,503
Stabilization Fund Excess, if any, transferrable to Tax Reduction Fund.....	\$ -

Part 2: Status of Stabilization Fund after transfers

Stabilization Fund Balance.....	\$ 799,300
Transfer to Tax Reduction Fund.....	-
Stabilization Fund Balance after transfer to Tax Reduction Fund.....	\$ 799,300

Part 3: Status of Tax Reduction Fund after transfers

Tax Reduction Fund Balance.....	\$ 91,764
Transfers from Stabilization Fund.....	-
Tax Reduction Fund Balance after transfers.....	\$ 91,764

The second computation is as follows:

Part 1: Comparison of State Tax Revenues to Allowable Tax Revenues

FY96 Allowable State Tax Revenues (Schedule F).....	\$ 13,214,862
Multiplied by Growth Factor (Schedule G).....	1.0631
Computed FY97 State Tax Revenue Base.....	14,048,720
Plus: Local Aid Adjustment (Schedule H).....	108,894
FY97 Computed Maximum and Allowable State Tax Revenues.....	\$ 14,157,614
FY97 State Tax Revenues (Schedule D)	\$ 12,874,419
State Tax Revenue Excess, if any, transferrable to Tax Reduction Fund.....	\$ -

Schedule A Calculation of State Tax Revenue

June 30, 1997
(Amounts in thousands)

Tax Revenue (per Schedule D).....	\$ 12,874,419
Less: Debt Service (per Schedule E).....	<u>1,278,286</u>
State Tax Revenue.....	<u>\$ 11,596,133</u>
Allowable consolidated net surplus, 0.5% of State Tax Revenue.....	<u>\$ 57,981</u>

State tax Revenue for the purposes of calculation of Stabilization Fund Transfers and Tax Reduction Transfers are defined in Section 1 of Chapter 29B General Laws.

Schedule B
Calculation of Capital Project Fund Transfer

June 30, 1997
(Amounts in thousands)

Maximum Allowable Transfer Amount:

A: Consolidated Net Surplus available for transfer.....	\$	223,756
	X	40%
B: Maximum based on 40% of Consolidated Net Surplus.....	\$	<u>89,503</u>
C: Fund Deficits - Capital Project Funds.....	\$	<u>(451,933)</u>
Lower of the 40% of the Consolidated Net Surplus or sum of fund deficits in the Capital Project Funds at year end.....	\$	<u>89,503</u>
Amount Transferred by the Comptroller.....	\$	<u>89,503</u>

Schedule C Calculation of Cap on Stabilization Fund

June 30, 1997
(Amounts in thousands)

Total Budgeted Revenues and Other Financial Resources pertaining to the Budgeted funds.....	\$ 19,223,366
Elimination of budgetary interfund activity (detail below).....	<u>(1,053,314)</u>
Budgeted Revenues and Other Financial Resources pertaining to the Budgeted funds.....	<u>\$ 18,170,052</u>
Allowable Stabilization Fund - Balance, 5.0% of Budgeted Revenue.....	<u>\$ 908,503</u>

Calculation of Stabilization Fund Transfers as defined by Mass General Law Ch. 29 section 5 and 5c and as recently ammended by Ch.10 Acts of 1997.

Detailed schedule of Eliminations of Budgetary Fund Activity

Adjustments to Revenues:

Municipal Transit Assessments.....	\$ (151,525)
Transfers to Intragovernmental Services Fund.....	(83,622)

Adjustments to Other Financing Sources and Uses:

MBTA Subsidy Transfer from Highway and Local Aid Funds to the General Fund (Authorities Deficiency).....	(137,869)
Stabilization Transfer.....	(234,253)
Fringe Assessed to Budgeted Funds.....	(63,017)
Transfer from Intragovernmental Services fund to General Fund.....	(2,402)
Transfer from Revenue Maximization Fund to General fund.....	(50,245)
License Plates.....	(2,274)
Caseload Mitigation Transfer.....	(128,000)
Collective Bargaining Reserve.....	(50,000)
Transfer from Tax Reduction Fund.....	(150,000)
Miscellaneous.....	<u>(107)</u>

Eliminations of Budgetary Activity	<u>\$ (1,053,314)</u>
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Schedule D FY97 Tax Revenues By Revenue Class

June 30, 1997
(Amounts in thousands)

Alcoholic Beverages.....	\$ 60,302
Banks: Commercial.....	98,984
Banks: Savings.....	41,249
Cigarette.....	281,708
Corporations.....	963,873
Deeds.....	59,019
Estate and Inheritance.....	202,707
Income.....	7,181,821
Insurance.....	289,272
Motor Fuels.....	602,840
Public Utilities.....	109,220
Room Occupancy.....	80,544
Sales and Use.....	2,876,066
Club Alcoholic Beverages.....	578
Motor Vehicle Excise.....	128
State Racing.....	10,185
Beano	6,383
Raffles and Bazaars.....	1,028
Boxing.....	28
Insurance: Excess and Surplus Lines.....	8,484
Total.....	<u>\$ 12,874,419</u>

This schedule is prepared on the statutory basis of accounting. It presents tax revenues as reported in the budgeted funds of the Commonwealth. It differs from the schedule of tax collections prepared by the Comptroller, Commissioner of Revenue and State Auditor for calculations in accord with Chapter 62F, as established by Chapter 555 of the Acts of 1986.

Schedule E
FY97 Debt Service

June 30, 1997
(Amounts in thousands)

Principal.....	\$	483,192
Discount.....		16,412
Interest.....		505,117
Debt Service on Capital Projects.....		<u>1,004,721</u>
Commonwealth Fiscal Recovery - Debt Service on FY90 Deficit Financing.....		273,565
Total Debt Service.....	\$	<u><u>1,278,286</u></u>

Schedule F Cumulative Calculation Of Allowable State Tax Revenues

June 30, 1997
(Amounts in thousands)

When Chapter 488, Acts of 1986 was enacted, it established, among other things, Chapter 29B of the General Laws. In reference to this calculation, the statute directed the use of FY86 State Tax Revenues, as defined, as the basis for the initial calculation in FY87. In each subsequent fiscal year, the prior year's accumulated Allowable State Tax Revenues result is incremented by the current Growth Factor, also defined in the legislation.

The cumulative trend of this calculation is as follows:

Allowable State Tax Revenues:

FY87.....	\$	7,780,704
FY88.....	\$	8,622,576
FY89.....	\$	9,521,911
FY90.....	\$	10,547,421
FY91.....	\$	11,113,817
FY92.....	\$	11,282,746
FY93.....	\$	11,599,166
FY94.....	\$	12,014,101
FY95.....	\$	12,577,741
FY96.....	\$	13,214,862

Schedule G
Allowable State Revenue Growth Factor

June 30, 1997
(Amounts in thousands)

Total Massachusetts Wages & Salaries:

Calendar Year:

1993.....	\$	89,219,883
1994.....	\$	93,376,128
1995.....	\$	99,447,795
1996.....	\$	106,102,542

Calculation of FY97 Growth Factor:

$$\frac{(\$106,102,542 / \$89,219,883) - 1}{3} = \underline{\underline{0.0631}}$$

Source:

U.S Department of Commerce, Bureau of Economic Analysis, Regional Economic Measurement
Division, Washington, D.C.
As revised and released September 1997.

Schedule H Local Aid Adjustment Factor

June 30, 1997
(Amounts in thousands)

Calculation of Percentage Increase Factor:

Local Aid to Cities, Towns and Regional School Districts :

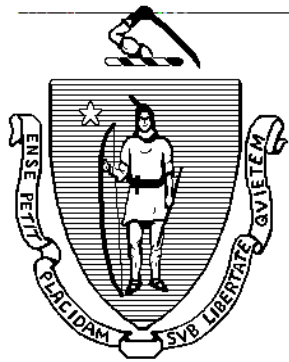
Fiscal Year Ended June 30:

1996.....	\$	3,202,760
1997.....	\$	3,513,828
Percentage Change in Local Aid.....		9.71%
Less: Allowable State Revenue Growth Factor (Schedule G).....		6.31%
Local Aid Percentage Growth in Excess of Growth Factor.....		<u>3.40%</u>

Calculation of Local Aid Adjustment :

Previous Year's Local Aid.....	\$	3,202,760
Percentage Increase Factor.....		<u>3.40%</u>
Local Aid Adjustment.....	\$	<u>108,894</u>

Source: Massachusetts Department of Revenue, Division of Local Services Municipal Data Bank - Cherry Sheet Estimated State Aid FY97.



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